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25X1A
Approved For Release 2001/10/30 : CIA-RDP57-00384R000500060074-2

Proposed Pouch to [REDACTED]

25X1A Reference: [REDACTED]

OGC HAS REVIEWED.

1. The problem raised in your memorandum of 10 August 1951 has received careful consideration by all concerned. I am appreciative of your advising me directly on this matter.
2. The proposed legislation to which you refer originally contained provisions which would have been of assistance in your case. However, the Congress will not accede to the provisions as proposed, and the bill as eventually passed has no bearing on your particular situation.
3. The question of a recall to active duty has been reviewed with the Director, and he has not deemed it advisable in view of all the circumstances.
4. In view of the above, we have come to the conclusion that the solution at this time can only be your acceptance of a normal civilian position at the rating of GS-18, since it is obvious that the arrangement devised for the period 23 April 1951 through 30 June 1951 cannot continue. However, the allowances set forth in the original letter to you from the Director, dated 24 April 1951, will continue at the same rate and in the same manner. Set forth below is a comparative estimate of your net dollar position without regard to allowances since they are the same in any event. We have calculated retired pay as 60% tax-free and have figured the taxes on both figures on the basis of two exemptions.

<u>Grade or Total Income</u>	<u>Gross Amount Taxable</u>	<u>Amt. of Tax Deduction</u>	<u>Net After Tax Deduction</u>	<u>CS Retirement Deduction</u>	<u>Net After Ret. Deduction</u>
GS-18	\$14,000.00	\$2,280.72	\$11,719.28	\$840.06	\$10,879.22
\$8,592.00	3,436.80 (40% of pay received)	462.80	8,129.20	None	8,129.20

Note: The above comparisons are based upon the assumption that your sole income would be from "retirement" or from salary. If you receive additional income from investments or other sources, it is obvious that the tax rate on such additional income would be greater.

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5. During the period of this appointment, it will be necessary that you cease receiving retired pay from the Army. This does not jeopardize your retired status. As indicated in the previous cable, we can advise the Army Finance here since your retired pay is being disbursed from Washington. It is recognized that this is not completely in line with what we both desire. Under the circumstances it is believed the only practicable solution which will continue to make your services available to this Agency during this emergency period.

6. With respect to the deductions for retirement indicated above, the amount withheld can be withdrawn by you upon termination of a civilian appointment, together with interest at 3% per annum.

7. To cover the period from 1 July 1951 until the effective date of the appointment, a flat fee basis for services rendered has been calculated based on the initial arrangements. That fee will be \$1,750.00. Necessary personnel documents are enclosed for your signature and return in order that the records can be placed in good order.

*Comp.
Pers.*

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